



Department of Economic Development

2018 Annual Report

Missouri Automotive Manufacturing
Jobs Act

The Missouri Manufacturing Jobs Act (MMJ) was introduced and passed during the 2010 Legislative Special Session, and Section 620.1910 RSMo became effective on October 12, 2010 and sunset on October 12, 2016. The purpose of the program was to allow qualified automotive manufacturing facilities or suppliers that invest in next-generation production lines in existing Missouri facilities to retain withholding taxes typically remitted to the state.

A report is required each year to provide the following information:

- Names of the participating qualified manufacturing companies or qualified suppliers;
- Location of such companies or suppliers;
- The annual amount of benefits provided;
- The estimated net state fiscal impact including direct and indirect new state taxes derived; and
- Number of new jobs created or jobs retained

Program Requirements

The program provided incentives for job retention to automotive manufacturing facilities for a period of 10 years and for job creation to suppliers of automotive manufacturing companies in the state for three to five years, depending on the wages of the new jobs. A Notice of Intent (NOI) was submitted by the company and the Department provided either an approval or rejection within 30 days of receipt. Failure by the Department to provide a response within that timeframe was deemed an approval. Within six months of the NOI approval, the qualified manufacturing company entered into an agreement with the department that memorialized the content of the NOI, the requirements of the program and the consequences for failing to meet such requirements.

Qualified manufacturer eligibility requirements were as follows:

- NAICS code is 33611;
- Manufacture goods at a facility in Missouri throughout the period in which the company receives benefits and;
- Make a capital investment of at least \$75,000 per retained job for a new product or \$50,000 per retained job for the modification or expansion of an existing product within two years of beginning to retain withholding taxes.

Qualified supplier eligibility requirements are as follows:

- Attest to the Department that it derives more than 10% of its total annual sales revenue from sales to a qualified manufacturing company;
- Add five or more new jobs;
- Pay wages for the new jobs that are equal to or exceed the county average wage for Missouri as determined by the department using the NAICS industry classifications and are not less than 60% of the statewide average wage; provide health insurance for all full-time jobs and pay at least 50% of the insurance premiums.

Annual Benefit

The benefits for the Missouri Manufacturing Jobs Act are retained withholdings for retention as a qualified manufacturer or new jobs as a qualified supplier. Beginning January 1, 2012, the qualified manufacturer could retain 100% of the withholding taxes from full-time jobs at the facility for ten years if it manufactures a new product or retain 50% of withholding taxes from full-time jobs for seven years if it modifies or expands an existing product.

The benefits for a qualified supplier are to retain 100% of the withholding taxes from new jobs for three years. If the qualified supplier pays wages for the new jobs that are equal to or greater than 120% of the county average wage for Missouri as determined by the department using NAICS industry classifications, it can retain the withholding taxes for five years.

The funding limit for this program is \$10 million per year for any one qualified manufacturing company and limits the aggregate amount of retained withholding taxes by all qualified manufacturing companies to \$15 million per year. There are no limits on the aggregate amounts for qualified suppliers under this program.

Manufacturing Companies	# of Jobs Retained	Location	# of Years Authorized	Year 1 of Benefits	Total Authorized	Total Benefits Provided This Calendar Year	Total Benefits Provided To Date in Program
Ford Motor Co.	3850	Claycomo	10	2014	\$100,000,000	\$0*	\$40,000,000
General Motors, LLC	1348	Wentzville	10	2013	\$50,000,000	\$0*	\$25,000,000

* 2018 Annual reports have not been finalized/verified. The benefits will likely be \$10,000,000 for Ford Motor Co. and \$5,000,000 for General Motors, LLC.

Auto Supplier Companies	Projected # of New Jobs	# of Jobs Created to date	Location	# of Years Authorized	Year 1 of Benefits	Total Authorized	Total Benefits Provided This Calendar Year	Total Benefits Provided To Date in Program
Challenge Mfg. Holdings, Inc.	102	106	Bridgeton	3	2016	\$266,819	\$211,624**	\$211,624
Henniges Automotive Seating - PROJECT COMPLETED	305	355	New Haven	3	2014	\$806,087	\$0	\$806,087
Piston Automotive, LLC - PROJECT COMPLETED	52	67	North Kansas City	3	2014	\$118,184	\$30,779	\$118,184
Tenneco Automotive Operating Company, Inc.	40	51	Kansas City	3	2015	\$265,972	\$116,401	\$265,972

** Finalized 2016 and 2017 tax years in calendar year 2018.

Net State Fiscal Impact

The Missouri Economic Research Information Center has estimated the economic contribution impact of the Missouri Manufacturing Jobs Act using the Missouri Regional Economic Model (REMI). The Qualified Manufacturing and the Qualified Supplier categories were modeled separately to ensure a succinct and concise representation of their individual contribution to the state. Key findings for each impact are included below:

BENEFIT : COST ANALYSIS (includes only state revenue impacts)		
MMJ Manufacturers	Fiscal Period (15 years)	Derivation of Benefits Investment: (a) \$787,000,000 in Durable Equipment spending over years 2012-2015. Employment: (a) 5,198 jobs scaled up over two years in Motor Vehicle Manufacturing at specified wage rates in 2013-2026. Other Assumptions: (a) real wage growth starting in 2014. Incentives: (a) \$100,000,000 in MMJ (Ford) over years 2014-2023 (b) \$50,000,000 in MMJ (GM) over years 2013-2022 (c) \$2,436,771 in Customized Training over years 2014-2017 (d) \$4,572,138 in New Jobs Training over years 2014-2017 (e) \$19,135,220 in Chapter 100 - Sales Tax Exemption in 2014 Impacts occur in Missouri. All values in constant dollars. Assumptions provided by DED. Estimated using REMI-PI+v2.2.
BENEFITS		
Direct Fiscal Benefits	\$279,949,469	
Indirect Fiscal Benefits	\$300,124,383	
Total	\$580,073,853	
COSTS		
Direct Fiscal Costs	\$157,718,420	
Indirect Fiscal Costs	\$0	
Total	\$157,718,420	
BENEFIT : COST	3.68	

BENEFIT : COST ANALYSIS (includes only state revenue impacts)		
MMJ Suppliers	Fiscal Period (15 years)	Derivation of Benefits Investment: (a) \$14,104,155 in Durable Equipment spending over years 2014-2015. Employment: (a) 579 jobs scaled up over four years in Motor Vehicle Manufacturing at specified wage rates in 2014-2028. Other Assumptions: (a) real wage growth starting in 2015. Incentives: (a) \$806,087 in MMJ (Henniges) over years 2014-2017 (b) \$118,184 in MMJ (Piston) over years 2014-2017 (c) \$315,028 in MMJ (Challenge) over years 2016-2019 (d) \$294,975 in MMJ (Tenneco) over years 2015-2018 (e) \$117,760 in Customized Training over years 2014-2017 Impacts occur in Missouri. All values in constant dollars. Assumptions provided by DED. Estimated using REMI-PI+v2.2.
BENEFITS		
Direct Fiscal Benefits	\$24,286,062	
Indirect Fiscal Benefits	\$25,353,269	
Total	\$49,639,330	
COST		
Direct Fiscal Costs	\$1,700,884	
Indirect Fiscal Costs	\$0	
Total	\$1,700,884	
BENEFIT : COST	29.18	

